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HD **Global banks to launch platform for carbon offsets**

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Canadian Imperial Bank of Commerce has joined three other global banks to launch a platform for buying and selling the carbon offsets companies use to compensate for emissions they are unable to eliminate in their own operations.

Called Project Carbon, the blockchain-based system will serve as a marketplace for carbon credits, including forest and wetland protection, as well as carbon capture or removal. The blockchain technology operates as a digital ledger that will record all transactions.

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The system is designed to help clients manage climate risk by providing price certainty, transparency, as well as liquidity. It will also support new offset projects by increasing market demand as a major global system tied to big financial institutions.

Companies can use the platform as a tool to reach net-zero emission targets, CIBC chief executive officer Victor Dodig said in a statement.

The other banks behind the project include Brazil's Itau Unibanco, National Australia Bank and Britain-based NatWest Group. The group said it designed the system to help remove barriers to offset buying, which have included insufficient transparency and a lack of uniform standards.

Project Carbon's market will be in accordance with the Taskforce on Scaling Voluntary Carbon Markets, established by Mark Carney, former governor of the Canadian and British central banks and now UN Special Envoy for Climate Action and Finance.

It will begin as a pilot in August, to test operational, legal and technical capabilities, the banks said.

Voluntary offsets allow companies to counteract their own carbon emissions through measures such as protecting stands of trees or supporting new regenerative farming, which play roles as carbon sinks, or investing in operations that remove carbon from the atmosphere or bury it. They differ from those in the far larger compliance carbon market, whose targets are mandatory and regulated by governments to make sure emitters, usually big industrial ones, live up to rules set to meet national or international commitments.

Compliance markets accounted for 10 billion tonnes of carbon dioxide transactions globally in 2019, compared with 100 million in voluntary markets, according to research from CIBC.

Offsets have been criticized by some environmental groups as insufficient to meet net-zero emissions targets. Instead, they assert, industries should concentrate on decarbonizing operations. In a recent report detailing scenarios for getting to net zero by 2050, the International Energy Agency said concentrating on offsets could divert efforts from actual carbon dioxide reductions.

But the IEA acknowledged offsets could be effective for removing emissions in instances where the credits can be verified as permanent reductions.

The offset platform is the latest of several moves by big banks to nudge clients to deal with greenhouse gas emissions as the financial institutions themselves tally up the carbon dioxide emissions tied to their lending and investing portfolios. Globally, these so-called financed emissions are estimated to be 700 times those from banks' and insurers' own operations, according to CDP, formerly the Carbon Disclosure Project.

Rival Bank of Montreal, for example, has set up a climate institute to serve as a clearing house for expertise from within and outside the bank. It is aimed at providing data and technological developments for industry, government, academia and investors. It also acts as an incubator with a focus on environmental technology.

With Project Carbon, CIBC and its partners will compete against voluntary offset platforms started by tech companies and others.

They expect it to be a preferred marketplace because of clients' confidence in their financial wherewithal, and ability to find high-quality, audited offsets.

Bank clients will be afforded access with little further verification.

The system, built on the private Ethereum platform, will offer post-trade settlement and become a book of record for ownership of carbon credits.

CO cimba : Canadian Imperial Bank of Commerce

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